

MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
JANUARY 18, 1994  
CHICAGO, ILLINOIS

A Regular Meeting of the Illinois Gaming Board was held on January 18, 1994. The meeting was held in Room 500-C of the State of Illinois Building, 160 North La Salle Street, Chicago, Illinois. The Regular Meeting was called pursuant to previous Board action and notice was duly and timely given to each Board Member and the public in conformity with the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt, J. William Roberts and Robert F. Vickrey. Additionally, Interim Administrator Joseph F. Mc Quaid and Chief Legal Counsel Donna B. More; the media and general public were in attendance.

The meeting was called to order by Chairman Johnson at 10:07 A.M.

The first order of business concerned recognition of former chairman William J. Kunkle, Jr. Chairman Johnson presented Mr. Kunkle with a gift recognizing Mr. Kunkle's service to the Board from 1990 to 1993.

The next order of business was the approval of the minutes of December 2, 1993. After technical corrections were offered, Mr. Roberts moved that the minutes be approved as corrected. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business was the Administrator's Report. The Chairman recognized Interim Administrator Mc Quaid.

Mr. Mc Quaid discussed Cruise Disruption Reports submitted to the Board. He told the Board that a recommendation concerning Casino Queen would be brought to the Board at the February, 1994 meeting. Mr. Mc Quaid next reported on the Underage Patron Report and noted that because of the late implementation of the reporting form, some information had been estimated by owner licensees. Mr. Mc Quaid stated that better reporting would be available in February. Mr. Mc Quaid also informed the members that the Southern Star, the second vessel of Des Plaines Development Limited Partnership had commenced operations on January 12, 1994 after having received a Temporary Certificate of Inspection from the U.S. Coast Guard.

The next order of business concerned an update from Elgin Riverboat Resorts.

Mr. Dan Azark appeared on behalf of the applicant. He told the Board that construction on their vessel had begun and updated other preliminary construction and improvement projects. Mr. Azark stated that approval of permits from the Army Corps of Engineers was expected and that operations were expected to commence in October, 1994.

The next order of business were issues concerning Owner Licensees. The Chairman first recognized Alton Gaming Company.

Mr. J. Thomas Long, Chief Executive Officer, appeared on behalf of the licensee. He requested the Board approve an inter-company transfer of assets concerning the transfer of the Alton Belle from the Alton Gaming Company to the Missouri Gaming Company, both subsidiaries of Argosy Gaming Company.

Mr. Roberts moved that the Board grant leave for the inter-company transfer of the Alton Belle from Alton Gaming Company to Missouri Gaming Company. Mr. Vickrey seconded the motion.

The Chairman noted that board procedure required postponed consideration of the motion.

Mr. Roberts moved that board procedure be suspended for the immediate consideration of the motion to grant leave. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion to suspend was approved unanimously by voice vote.

The Chairman called the previous question and asked for the yeas and nays.

The motion to grant leave was approved unanimously by voice vote.

Mr. Long next asked for favorable consideration for approval of new games; Caribbean Stud Poker and 21 Super Box. The request was deferred to the February, 1994 regular meeting.

The Chairman next recognized Par-a-dice Gaming Corporation.

Mr. Thomas Moore, attorney, appeared on behalf of the licensee. Mr. Moore first informed the Board of changes made to the corporation's Board of Directors noting that owner Jacob Barnes had passed away during the week of January 10, 1994. It was noted that Par-a-Dice would not fill the vacant Board of Directors position until the annual meeting to be held in August, 1994. He further noted that owner Arnold Milan was requesting approval to sell his 2.08% ownership to Par-a-dice Gaming Corporation. Mr. Moore stated that the share purchase was in the form of treasury stock which was then canceled and converted to equity assets. Approval of the purchase of stock from Arnold Milan was deferred to the February, 1994 regular meeting.

Mr. Moore next told the Board that a new replacement vessel was under construction and delivery was anticipated in May, 1994. He also asked the Board approve the sale of Par-a-dice to Argosy Gaming Company. Mr. Moore acknowledged that Par-a-dice Gaming Company was not a licensed supplier of gaming equipment or supplies. The requests were deferred to the February, 1994 regular meeting.

The Chairman instructed staff to research the question of whether the holder of an owner's license was authorized to sell gaming equipment to another entity without a supplier's license and what actions were required to effect the request of Par-a-dice Gaming Company. He instructed staff to report their findings at the February, 1994 regular meeting.

The Chairman next recognized Jo Daviess Riverboat Joint Venture, (JDRV).

Mr. David Filkin, attorney, appeared on behalf of the licensee. He requested approval of a suppliers license for Leonard M. Ring to supply real property to JDRV. It was noted that Mr. Ring was an indirect owner of 5% of JDRV and if approved as a licensed supplier, Mr. Ring would own the property on

which JDRV had built their pavilion. Mr. Filkin stated that JDRV sold the property to Mr. Ring in December, 1992 and now planned to lease the same property from Mr. Ring. Chairman Johnson asked several questions concerning the transfer of assets and instructed JDRV to be prepared at the February, 1994 regular meeting to provide a detailed presentation determining that the dissipation of assets does not harm the regulation of gambling in Illinois from a public policy point of view. There being no further discussion, the matter was deferred to the February, 1994 regular meeting.

The Chairman next recognized Rock Island Boatworks, Inc.

Mr. Michael Ficaró, attorney, and Mr. Jack Desatnick, Vice President of Finance, appeared on behalf of the licensee. They briefly described a proposal for refinancing of the licensee. The matter was deferred to the February, 1994 regular meeting.

The Chairman next recognized Empress River Casino Corporation.

Mr. Kevin Larson, President, appeared on behalf of the licensee. He advised the Board that the licensee would seek approval to issue a \$150 million debt offering at the February, 1994 regular meeting. Mr. Larson briefly described the disbursement of funds raised by the debt offering. He also requested approval for combining the assets of River Casino Corporation and Empress River Casino Corporation. Last, he requested Board approval for a change in title for Michael Kelly to Chief Financial Officer. The matters were deferred to the February, 1994 regular meeting.

The Chairman next recognized Hollywood Casino Corporation.

Mr. William Weidner, President, and Mr. Richard Knight, Chief Operating Officer, appeared on behalf of the licensee. Mr. Knight told the Board that cruise disruptions accounted for 29% of scheduled excursions between December 1 and December 25, 1993, but that after December 25, no cruises had occurred due to ice. Mr. Ed Hanson, architect for Hollywood Casino Corporation, appeared and updated the Board on plans for power line relocation and dredging of the Fox River. He noted that the anticipated approval for the projects from the Army Corps of Engineers would be received in February, 1994 with actual work beginning in March, 1994. Mr. Hanson stated that work would be interrupted during the summer months, but that unfinished work would resume in September. He noted, however, that the bulk of the dredging work was expected to be completed by May 1, 1994. There was no further discussion.

The Chairman next recognized Des Plaines Development Limited Partnership.

Mr. George Kovac appeared on behalf of the licensee. He requested approval of a request for refinancing which would increase equity contributions of the partners to meet borrowing of one of the partners. He noted that the equity contribution would rise from \$32 million to \$58 million with approval of the request. He stated that the funds would be used to capitalize additional development at the docksite. Mr. Kovac stated that immediate consideration was not necessary. The matter was deferred to the February, 1994 regular meeting.

The Chairman next recognized Casino Queen, Inc., noting the agenda item concerning cruise disruptions was deferred at the request of the Interim Administrator.

Mr. John Janicik, attorney, appeared on behalf of the licensee. He requested the Board clarify whether Terminal Railroad Association, an entity with whom Casino Queen, Inc. leases to gain access to the Mississippi River, is required to possess a supplier's license. Mr. Janicik noted that former Administrator Friedman had been aware of the lease situation. Mr. Janicik suggested that since Terminal Railroad Association leased land to access the docksite and not the docksite, itself, that no supplier's license should be required. The matter was deferred to the February, 1994 regular meeting.

The next order of business concerned a request received under the Freedom of Information Act. The Chairman recognized the Chief Counsel.

Donna More told the Board that a request had been received to disclose the amount of credit extended to patrons by holders of owner's licenses including the number of persons extended credit and details of collection activities by owner licensees. Ms. More stated that the request had been denied by staff and had been appealed. Ms. More stated that staff's recommendation was for the Board to solicit the opinion of the industry prior to making a final agency decision on the request. Mr. Mc Quaid stated that the Board's outside accounting firms had been asked to submit a separate report on the question which he hoped would be available for the March, 1994 regular meeting. The Chairman stated that the issue would appear on a future agenda and placed owner licensees on notice that their input was requested. The Chairman instructed staff to notify owner licensees of the request.

The next order of business concerned review of Sub-part E, Rule 3000.510.

On December 2, 1993, Member Browder made a motion that effective March 1, 1994, Rule 3000.510, Excursions During Inclement Weather or Mechanical Difficulties be amended by deleting subsection (b) and changing subsection (c) to read as follows:

"Once a Riverboat captain has determined that circumstances set forth above have occurred, the Riverboat shall not depart from the dock for the scheduled excursion or the remainder of an excursion period, whichever is applicable, and there shall be no gambling on that Riverboat until an actual moving excursion is underway or has been deemed to be started pursuant to Rule 3000.500 prior to, or following the navigation of the Riverboat." (Minutes of December 2, 1993 at page 12.)

and that the necessary renumbering of affected subsections occur.

The motion was seconded by Member Pyatt and consideration was postponed to January 18, 1994, without objection.

The Chairman recognized Member Browder.

Mr. Browder told the Board that the motion reflected his belief that the Board was not empowered to amend the Riverboat Gambling Act, (Act), by rule. He noted that the Act specifically prohibited gambling to occur while a riverboat was docked and that Rule 510 was in conflict with that prohibition. He also stated that no exception to the prohibition existed in the Act. Mr. Browder noted that riverboat casinos had invoked Rule 510 in 40.8% of scheduled excursions since September, 1991 and said that although the state would realize a decrease in revenues, such reasoning was not a valid reason to promulgate a rule that allows a prohibited activity under the Act. Mr. Browder recommended

that the Board adopt the motion to amend Rule 510 and that the legislature take whatever action it deemed appropriate.

Mr. Browder moved to amend the motion to change the effective date of the motion by striking out March 1, 1994 and inserting May 1, 1994. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion to amend was approved unanimously by voice vote.

The Chairman called for discussion and recognized Member Vickrey.

Mr. Vickrey noted the history of the rule reflected that no objections had been issued by the Joint Committee on Administrative Rules when the rule had been considered by that body.

Member Roberts observed that the Act lacked clarity in many areas and granted powers to the Board. He stated that he believed the legislature did not intend to place the captain of a riverboat in position of imperiling patrons and therefor could not support the motion.

Member Pyatt stated that she would support the motion because she believed the Board had exceeded legislative authority and that the legislature should address the issue. She noted that Rule 510 is in direct conflict with Section 11, (a), (1) of the Act and the Board did not possess the authority to change the statute.

The Chairman stated that he had supported Rule 510 when it was considered by the Board in 1991. He stated the issue had been fully discussed on several occasions and that the primary intent of the Act was to encourage economic development and tourism. The Board had felt that the raising of a gangplank was a practical application to control ingress of patrons during unusual circumstances in attempting to determine the definition of the term "docked". The Chairman stated that if the motion were adopted, economic development and tourism would be harmed.

The Chairman next recognized the general public for comments.

The Honorable Thomas Mc Cracken appeared on behalf of the Riverboat Gaming Council. Mr. Mc Cracken filed a written statement. It was noted that the Riverboat Gaming Council had been identified, in writing, by eight of the nine licensed owners as their representative on the issue. Mr. Mc Cracken noted the rule was a patron safety rule and should be viewed as consistent with statutory authority.

Mr. John Janicik, attorney for Casino Queen, Inc., appeared and stated that although not a member of the Riverboat Gaming Council, Casino Queen agreed with the Council's position, as well as the comments of Member Roberts and the Chairman.

Rev. Thomas Grey of the United Methodist Church appeared. He urged support of the motion. He stated that owner licensees appeared to be in a race to see who could remain docked most often. He noted that because of the inability to cruise, Jo Daviess Riverboat Joint Venture had added a cruise to their schedule. Rev. Grey stated that the legislature should debate the issue.

The Chairman commented that the rule had been reviewed by the Joint Committee on Administrative Rules on two occasions; once as an Emergency Rule

and once during the normal rule promulgation process. He stated that the purpose of the Joint Committee was to review the actions of administrative agencies in not circumventing the intent of the General Assembly. The Chairman noted that Rule 510 had not been questioned as circumventing legislative intent nor had the legislature, on its own, amended the Act to render Rule 510 mute.

Mr. Browder restated his belief that Rule 510 changes what the Act states and that the Board had exceeded its authority in promulgating the rule requiring further action by the legislature to clarify legislative intent. Mr. Browder urged approval of the motion.

The Chairman called for the yeas and nays by oral roll call. The members responded, to wit:

MR. BROWDER	"AYE"	
MS. PYATT		"AYE"
MR. ROBERTS	"NO"	
MR. VICKREY	"NO"	
MR. CHAIRMAN		"NO"

Mr. Vickrey explained his vote. He stated that the Act was ambiguous but that he believed that the intent of the legislature was to benefit the people of Illinois by assisting economic development. Mr. Vickrey stated that he believed the motion was contrary to that intent and that the lack of an objection to the rule by the Joint Committee on Administrative Rules was indicative that the intent of the legislature had been met. Mr. Vickrey stated that for those reasons, he was voting 'no.'

Mr. Roberts explained his vote. He stated that for the reasons he previously expressed, he was voting 'no.'

The motion, as amended, failed.

The Chairman next acknowledged and recognized Argosy Gaming Company.

J. Thomas Long, Chief Executive Officer, appeared. He gave notice that Argosy Gaming Company would seek Board approval for a financing transaction at the February, 1994 meeting. Mr. Long briefly described the need of Argosy Gaming Company to raise \$100 to \$150 million to finance projects in Louisiana and Missouri. He stated that detailed information would be forthcoming in the near future. The Chairman stated that while the Board was not promising final action at the February, 1994 regular meeting, the matter would be added to the agenda.

Mr. Browder moved that pursuant to the Open Meetings Act, 5 ILCS 120/2 (g), (h) and (k) that the Board retire to Closed Session to consider the following subject matters:

1. Reports concerning applicants for Occupational Supplier licenses and
2. Recommendations of the Administrative Law Judge
3. Investigatory matters
4. Personnel - Search for Administrator.

Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board retired to Closed Session at 12:35 P.M.

The Illinois Gaming Board reconvened in Open Session at 2:29 P.M. All members were present.

The first order of business concerned Suppliers Licenses.

The Chairman ordered the application for a Suppliers License be deferred to the February, 1994 regular meeting.

The Chairman next recognized Mr. James Fletcher, attorney for supplier IGT.

Mr. Fletcher requested Board approval for IGT to change their name to IGT - North America.

Mr. Roberts moved that the Board approve the requested name change to IGT - North America. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned applications received for Occupational Licenses.

Mr. Vickrey moved that the applications received from Ronald Allison, Paul Benes, Larry Close, Michael Crider, Michael Dickson, Larry Dowdy, David Goodhue, James Guttke, Joseph Korba, Damon Runyon and Craig Travers for Occupational License, Level 1 be approved. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board adopt the staff report and recommendations with respect to applications received for Occupational Licenses Levels 2 & 3 and that the applications be approved. It was noted the motion included 913 applications. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board adopt the staff report and recommendations with respect to applications received for Occupational Licenses Levels 2 & 3 and that the applications be denied. It was noted the motion included 35 applications. Mr. Browder seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned recommendations of the Administrative Law Judge.

Mr. Vickrey moved that Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge, deny the application for an

Occupational License for Charles Walsh. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge, deny the application for an Occupational License for Charles Calkins. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge, deny the application for an Occupational License for Todd M. Clark. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge, deny the application for an Occupational License for David Pennell. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge, deny the application for an Occupational License for Angelina Arias. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the recommendation of the Administrative Law Judge, deny the application for an Occupational License for Freddie Aleman. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned pending investigations. The Chairman stated that during Closed Session, staff had updated the Board on pending investigatory matters. The Board instructed staff to conclude some matters.

The next item of business concerned the search for an Administrator. The Chairman stated those efforts continued.

The Chief Counsel advised the Board that Mr. Charles Walsh had requested leave of the Board, having been denied an Occupational License, to re-apply within one year of the date of his denial. Ms. More noted that Mr. Walsh had



failed to disclose an arrest from 1954 and that the request required leave of the Board.

Mr. Roberts moved the request of Charles Walsh to re-apply for an Occupational License within one year of denial of a previous application be granted leave. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman announced that the Board was contemplating changing the structure of meetings. Under the suggested change, the Board would convene and immediately retire to Closed Session returning to Open Session at a time certain allowing the public to shorten the time spent at Board meetings. He noted that action on agenda items would not occur until the Board had returned from Closed Session. The Chairman asked for input from the public to the proposal.

There being no further business to come before the Board, Mr. Roberts moved the Board stand adjourned. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board adjourned at 2:41 P.M.

Respectfully submitted,

---

James A. Nelson  
Secretary of the Board

